

**1/23/79 [2]**

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THE WHITE HOUSE  
WASHINGTON

*Having freeze  
getting control*

January 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Jerry Rafshoon   
SUBJECT: State of the Union Address

The attached draft reflects your comments and those of the Vice President, Powell, Brzezinski, Eizenstat, Schultze, Blumenthal, Caddell and Tony Lake. I have attached comments from Stu and Zbig.

Adding material from all these people has made it a little rough in spots but if you approve the basics, we can smooth it out before the weekend.

We've put brackets around those parts which you wanted deleted but which I feel strongly need to be included.

This draft has more substance than the last but it is still highly thematic. I think it is important that we not deviate much further from this thematic approach.

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1/17/79  
6:30 p.m.

The last time I spoke before a Joint Session of Congress was to report on the progress made at Camp David towards peace in the Middle East. Tonight I have a broader purpose: to report on the State of the Union.

Though this responsibility is as old as our Constitution, tonight is a time for looking not to the past, but ahead. I want to talk to you about our efforts, begun during the past two years, to build a new foundation for our lives in a future that is no longer distant.

Our children <sup>now being</sup> born in this century will come of age in the next. What kind of society, what kind of world are we building for them? Will we be at peace in the 21st century? Will our children enjoy the blessings of a growing economy? Will America still be strong and free?

I raise these questions because I know that many Americans are uncertain about our future -- paradoxically, at a time when our outward strengths have never been greater. We are at peace tonight, everywhere in the world. Our defenses are second to none. Our economy is strong and growing. Our freedoms, our cultural vitality, our opportunities are the envy of the world. But there are reasons for concern.

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This is the final year of a decade that has been the end of the longest war in our history, the most serious Constitutional crisis in a century, the deepest recession in more than 40 years, the highest inflation on record. The rapid growth of government has far outpaced its ability to manage itself. In an era of social rootlessness, many of the assumptions and much of the trust on which our society was built seem to have disappeared.

The foundations built during the Depression and after World War II for our economic security and the survival of democracy have served us well. But we face a new generation of problems today -- problems as complex and inter-related as the modern world itself.

Our challenge is to build a new foundation -- for a growing economy, for effective government, and for a stable peace in the world -- to ensure that the America our children inherit will be as strong and special as our own. And we have begun.

In the past, our economy has swung from boom to bust. Some say a free economy always will. But we reject the myth that we must choose endlessly between inflation and recession. Our generation of Americans is building a new foundation for economic growth -- balanced growth, with

stable prices, in which all Americans will share. In the last two years, we have brought our economy out of the deepest recession since the 1930's and produced seven million new jobs. The <sup>present</sup> challenge to us ~~new~~ is clear. The inflation that has been wracking our country for more than ten years can and must be stopped.

Inflation is a burden for all Americans. It is a disaster for the old, the sick, and the poor. And it is the historic, persistent enemy of a free society. America was built on risks and on trust. But inflation makes us afraid to take risks, and it steadily destroys our trust.

Let no one doubt where this Administration stands. I have no higher domestic goal than to stall, stop, and begin to reverse this nation's inflationary spiral.

Three months ago, I announced a balanced anti-inflation program that relies on voluntary cooperation to restrain wage and price increases. <sup>The people support it.</sup> It can work -- but only if we are willing to share our sacrifices evenly, and only if government is willing to lead the way through both fiscal and monetary restraint.

The new budget I have sent to the Congress cuts the Federal deficit to \$29 billion -- less than half its size when I was elected President. My budget reduces the

proportion of our total goods and services spent by the Federal government to the lowest level in \_\_\_\_\_ years.

The people of the United States and the world are asking: Are the American President and the American Congress serious about inflation? I believe I can speak for all of you here in saying -- the answer is yes. This year, in this Congress, we must hold the line on excess Federal spending. And we must -- we will -- continue this commitment until we bring inflation under control.

Inflation has been building for nearly 13 years and has continued because of past mistakes. The old medicines of *massive government* wage and price controls and of deliberate recession have both been tried. Both have failed at an unacceptable human cost.

Only a balanced approach can lay a new foundation of stable economic growth. The 1980 budget provides enough spending restraint to help unwind inflation slowly. But it also provides enough stimulus to keep our economy growing, to keep American workers *on the job and* productive, and to encourage the new investment we must have.

Lower inflation will strengthen the dollar and improve our competitive position throughout the world. In turn, a strong dollar will help reduce our inflation at home. We have joined with other nations to restore order to the

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dollar in foreign markets. We are mobilizing our fiscal and monetary policies and our nation's enormous resources to assure the dollar's strength. And we are moving forcefully to improve our balance of payments by encouraging exports as never before. The early results of these efforts have been positive. But lasting success will require a sustained effort. I am committed to that <sup>sustained</sup> effort. Under this Administration, the American dollar is and will be strong.

The inflation which has been building for 13 years will not be ended in one, but there is strong reason for hope. In the past few years, other industrial nations, including Germany and Japan, have brought their inflation levels down. And we will do the same.

[But we must change, not just our policies, but ourselves.]  
The days are gone when we can afford to live beyond our means; to create well-intentioned programs we can neither manage nor finance; to waste our natural resources; or to tolerate mismanagement and fraud. And the days are also gone when we can afford to act -- not like a united people -- but like a collection of warring groups.

We will fight inflation with the best in the American spirit -- our belief in hard work and the genius of American productivity and technology; through <sup>equitable</sup> sacrifice and self-reliance,

and by caring, <sup>first for</sup> about those <sup>who are</sup> most in need, during a period of austerity.

Even within the tight limits I have set, my new budget builds on the gains we have made in the past two years in providing new support to educate disadvantaged children; to provide nutrition and legal services for the poor; to further our new urban policy and to rebuild the economic base of our older neighborhoods and rural areas; and to enforce all Americans full civil rights. <sup>for</sup>

<sup>The</sup> My new budget, like the last, provides high levels of training and jobs to those left in the backwaters of our economy because of discrimination, lack of skills, lack of education, or poverty. We cannot and will not accept a permanent underclass in America, <sup>including many</sup> made up largely ~~of~~ <sup>numbers</sup> minority youth who have no hope and no stake in building our society. While hundreds of thousands of youths, minorities, and women go without work, skilled jobs go for the asking. With the right training, the right incentives to business, we can put those human resources to work. We can -- and we must.

The budget is not our only economic task.

We must take firm action now to protect all Americans against the devastating inflation in health care costs.

*Similar legislation has  
proven to work well  
in several states, but*

The cost of medical care in America is rising \$1 million an hour, 24 hours a day -- and doubling every five years. We must take control of the largest contributor to that inflation -- the huge rises in hospital costs.

Last year, I sent the Congress legislation to hold back inflation in hospital care. A combination of special <sup>and other political factors</sup> interests, succeeded in blocking that <sup>national</sup> legislation. The American people have waited long enough. This year the Congress must act. Hospital cost control will save billions of dollars over the next \_\_\_\_\_ years. And it will greatly reduce inflation in health care.

No American family should fear a life-time of economic ruin, of bankruptcy, or debt because one of its members falls ill. We must protect the health and security of all Americans this year with a program of catastrophic health insurance. And we will do it. 7

In my legislative message, I will call on Congress to enact other anti-inflation measures -- measures to reduce the costs of government regulation and to increase competition in our economy; to expand our exports and protect American jobs threatened by unfair trade; to conserve energy, increase production, and speed development of solar power; and to reassert our Nation's technological leadership. American workers who enlist in the fight against inflation deserve

not just our gratitude, but the protection of real wage insurance.

We cannot <sup>control</sup> ~~solve~~ inflation overnight. But we can bring it down one notch at a time and preserve the economic and social gains of the past generation.

At the same time, we must continue to build a new foundation for effective government in America. It is a myth that government must choose between inefficiency and insensitivity. Our generation of Americans is building a new foundation for public action based on competence and compassion, a government that is equipped to meet problems yet to come and problems yet imagined.

With the support of the American people, government in recent decades has helped dismantle racial barriers; has provided economic security for the jobless and retired; has fed the hungry; has protected the safety, health, and bargaining rights of workers; and has helped to preserve our natural heritage.

But we have not done enough. We have created programs. Now we must follow through to make them effective. To restore public confidence in public institutions, we must ensure that a dollar paid in taxes is a dollar wisely spent. And we must cut the thicket of federal regulations while

meeting our national goals. In the airline industry we have reduced prices for all Americans, opened air travel to millions, increased industry profits, and dismantled a federal bureaucracy by stripping away unneeded regulations. We can and we must do more.

With the support of the Congress, we are building a new civil service system -- one that rewards excellence and censures poor performance. We are waging all-out war on waste and fraud.

And we have begun reorganizing and streamlining the bureaucracy in energy, civil rights, international communications and the Executive Office of the President. This year, we must extend that reorganization to education, development assistance and natural resources. This year we must pass a sunset law so no agency, program, or law remains once it has outlived its value. This year we must pass a new Regulatory Reform Act to ensure that the test of every regulation is not whether it serves some private interest, but whether it serves the public good.

*Specifics  
re what  
Congress has  
been doing  
new reg  
"agencies &  
Commissions"*

Together, we will restore the trust of a free people in their government. And there is no more urgent task.

None of us can be satisfied with the state of our Union when this Nation is called to the polls and 2 out of

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3 Americans stay home. In every election, the influence of private groups and private money increases, and the influence of individual citizens goes down. We must stop the flood of special-interest money that threatens to drown our democracy -- and we must regain the public's faith -- by enacting public financing for congressional election campaigns.

We must be united as a people to meet the challenges -- both at home and abroad -- for we live in a revolutionary age. And we must continue to build a new foundation for a stable world community in which all people are free to seek their true potential in security and peace.

In less than a lifetime, world population has doubled; colonial empires have disappeared; and 100 new nations have been born. Mass communications, mass literacy, and a mass migration to the world's cities have awakened new yearnings for economic justice and human rights in peoples everywhere. The terrible power of nuclear weapons -- unknown to any generation before -- has given new urgency to the search for peace.

The choice today is not which superpower will dominate the world. None can and none will. The choice is between a world of chaos or of cooperation -- and the route we must

take is clear. We seek not to stifle change, but to influence its course. It is a myth that we must choose between confrontation with and capitulation to our adversaries. With our allies and friends we are building a new foundation for a world of security and stability for all people.

We are building that new foundation from a position of national strength -- the strength of our defenses, our bonds with other nations, and the enduring strengths of America's oldest ideals. America's military power remains a major force for security and stability in the world. In the last two years, with our NATO allies, we have increased our readiness, modernized our equipment, and strengthened our forces in Europe. This year, the Congress has no more important responsibility than to join me in meeting our commitments to our allies and further strengthening our defense capabilities.

But we must do more, and we will. To protect our national security we must continue to reach out to other nations to help shape the forces of change; to anticipate emerging problems of nuclear proliferation and of conventional arms sales before they engulf us; and to prevent explosions of conflict in other parts of the world before they erupt and spread.

For the first time in our history, we are building a foundation for a framework of global cooperation -- not only with western nations and the rich, but with the new, developing nations as well. Our ties with Europe, Japan, and the NATO Alliance are stronger than ever -- and so are our ties with Latin America, Africa, and Asia. We have won new respect in this hemisphere with the Panama Canal Treaties. We have gained new trust throughout the developing world through our opposition to racism and our support for majority rule in Africa. We have injected new life into the negotiations for new rules of world trade which will provide the foundation for fair and equitable trade for most of the remainder of this century. We have opened up a hopeful new era with the one quarter of the world's people who live in China. The visit of Vice Premier Teng next week will help inaugurate that era.

I am grateful that in the past year -- as in the year before -- no American has died in combat, anywhere in the world. In Nicaragua, in Cyprus, in Southern Africa, and in the Middle East, our country is helping other nations seek the peace which we now enjoy.

In the Middle East -- under difficult circumstances -- we have sought to help ancient enemies lay aside differences

that have separated them for 3,000 years, and have produced four bitter wars in this century. All peoples of that region deserve the chance to use their talents and energies not to produce more suffering and death, but to fulfill the human spirit and pressing human needs.

I am determined that this precious opportunity for lasting peace between Israel and Egypt will be grasped. I will not hesitate, if needed, to invite President Sadat and Prime Minister Begin to meet with me again to negotiate a final peace treaty.

The peace process, like all change, is difficult. But one constant will always remain: the special relationship between the United States and Israel, which is and always will be permanent and unshakable. Israel's survival and security must, and will, be assured and guaranteed.

The new foundation of cooperation we seek excludes no nation which seeks peace and friendship with us -- and we welcome -- cooperation with the Soviet Union that serves the cause of peace. In the nuclear age, lasting peace must mean peace between the superpowers and control of nuclear arms.

The paradox of the nuclear age is that the security of both superpowers can decrease even as strategic stockpiles

grow. An unrestrained arms race pits one against the other in apparent pursuit of a decisive superiority neither side will permit the other to achieve. It breeds fear, uncertainty and a sense of danger on both sides. We must build up a lasting foundation for peace to all the world's people can live without fear of nuclear holocaust.

Ten years ago, the United States and the Soviet Union made the historic decision to open the Strategic Arms Limitation Talks, or SALT. The purpose of SALT, then as now, is to protect the security of both nations -- to <sup>reduce</sup> reverse the costly and dangerous momentum of the arms race -- to preserve a stable balance of nuclear forces -- and thus to help preserve the peace. Our two nations reached the first agreement, SALT I, in 1972. Since then, in six years of negotiation -- begun by President Nixon and advanced by President Ford -- nearly all issues of the SALT II agreement have been resolved. If the Soviet Union continues to negotiate in good faith, a responsible agreement can be reached. [Tonight, I want to make four brief points about the SALT process.]

[First, the only agreement I will sign -- the only agreement I will ask the Senate to ratify -- is an agreement that strengthens our security.]

Second, SALT is not based on sentiment. It is based

on self-interest -- ours and the Soviet Union's. Both our nations share a powerful common interest in preventing a nuclear war.

Third, any SALT II agreement I will sign will be verifiable. It will not rely on trust. We have enormously sophisticated, proven means -- including our satellites -- to determine for ourselves whether the Soviet Union is complying.

Fourth, the American nuclear deterrent will remain as strong after SALT II as it is now. For example, just one of our Poseidon submarines -- armed with a tiny fraction of all our nuclear warheads -- can destroy 160 different major targets. It has a total destructive capacity five times more powerful than all the explosives set off by all the countries in World War II and Korea combined. The strength of mutual deterrence is the guarantee such force will never be used. SALT will help preserve that mutual deterrence.

SALT II cannot substitute for wise diplomacy or a strong defense. Nor will it end the danger of nuclear war. But it will reduce that danger. It will strengthen our efforts to ban nuclear tests and to stop the spread of nuclear weapons to other nations. And it begins the process of negotiating new agreements further limiting strategic arms.

[The path of arms control backed by a strong defense -- the path our Nation and every President has walked for 30 years -- leads to a world of law and diversity,

in which all peoples can live in peace. In this year, 1979, nothing is more important than that the Senate and the people of the United States resolve to continue on that path.]

The change that has transformed the world in less than a generation continues today -- sometimes frightening, sometimes unpredictable, but more often full of hope. We cannot control every event, but neither need we fear the change around us.

The overriding trend throughout the world is an awakening to the values on which our nation was founded -- individual liberty, self-determination, the potential for human fulfillment when people are free.

These principles have taken hold in lands once thought lost to the ideas and ideals we hold dear. Democracy has been reborn in India, Portugal, Greece, Spain, the Dominican Republic. We find these principles in books smuggled out of totalitarian nations, on wall posters, of lands long closed to our influence.

Today, America has regained its special place in the struggle for human rights. We now hear the phrases of

the American revolution spoken everywhere by people seeking freedom and democracy. And I pledge that under my Presidency, America's example and America's influence will continue to lead the struggle for human rights.

And that is a commitment I will keep at home, as well as abroad. For only by fulfilling human rights at home can we defend them around the world. The civil rights revolution freed all Americans, black and white, but its full promise remains unfilled. I will continue to work with all my strength for equal opportunity for all Americans -- and for affirmative action for those long denied their equal rights. We remain committed to reforming our labor laws to better protect the rights of all American workers. And we must pass the Equal Rights Amendment and make it clear that all citizens are equal under the laws of our land.

[The new foundation I have discussed tonight is important not for itself, but for what they allow us to build on it. It can free the energies of a good and generous people for good and generous tasks. It can be the means for realizing our highest aspirations as human beings.]

[We seek a world where every child can learn and explore and look to the future with hope. We seek a world where the resources now wasted on war can be turned towards human needs and all people -- including our own -- have enough to eat, decent shelter, and protection from disease. We seek a world where all people are free to seek the truth and to add to human understanding, and all are free to live their lives in peace. Tonight, I ask you to join me in building a new foundation for our country and four our world.]

# # #

STU EIZENSTAF

THE WHITE HOUSE

WASHINGTON

January 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: State of the Union Address

I have worked closely with Jerry on the drafts of the State of the Union Address and we have worked out all the suggestions which I have made to him, with one exception which Jerry suggested I present to you.

At the bottom of page 9 and the top of page 10, the speech has you coming out in favor of catastrophic health insurance. Charlie Schultze, Jim McIntyre and I (and, of course HEW, but for different reasons) strongly oppose you making this decision by the vehicle of your State of the Union address.

We will be meeting with you tomorrow, together with Secretary Califano, to discuss national health insurance. We all will be advising you to reject Joe's suggestion of publicly airing his comprehensive plan for several months. However, it is critical -- particularly based on our promise to labor that they would be fully consulted before any major forks in the road are taken -- that the following process be used, with which CEA and OMB are in full agreement:

a) You direct Secretary Califano to consult with the Hill on the preferences of a wide variety of Congressmen and Senators on whether they believe the best way to get a comprehensive national health insurance is through a first-phase catastrophic plan or a comprehensive plan.

DR. BRZEZINSKI

1/19/79  
11:00 p.m.

STATE OF THE UNION - Draft 7

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Mr. President, Mr. Speaker, Members of the 96th

Congress, fellow-citizens:

*On my last visit here with you, I reported on our nation's*  
[The last time I spoke before a Joint Session of  
[Continuing] efforts <sup>for</sup> toward peace in the <sup>Middle East.</sup> world. These <sup>continuing</sup> efforts are  
Congress, I reported on the progress made in Camp David  
of crucial importance, but tonight I want to examine in  
towards peace in the Middle East. Tonight I have a broader  
a broader sense the State of our American Union -- how  
purpose: to talk about our efforts, begun during the past  
we are building a <sup>new</sup> ~~firm~~ foundation for a peaceful and  
two years, to build a new foundation for our common future.]  
*prosperous future world.*

Our children born this year will come of age in the 21st century. What kind of society, what kind of world are we building for them? Will we <sup>ourselves</sup> be at peace? Will our <sup>own</sup> children enjoy <sup>a better quality of life?</sup> ~~the blessings of a growing economy?~~ Will a strong <sup>and united</sup> America still be a force for freedom <sup>and prosperity</sup> around the world?

Tonight, there is every sign that the state of our Union is sound. Our economy offers greater prosperity to <sup>Farm exports are setting all time records, and real farm income last year went up more than 25%. Real pay of workers and real business profits have risen sharply.</sup> a greater proportion of our people than ever before. Our <sup>to the highest level in history</sup> liberties are secure. Our military defenses are strong and growing stronger. And we are at peace tonight, everywhere in the world.

<sup>"We are strong - but we have some weaknesses. I think better than admitting."</sup>  
[Yet, despite these strengths, there are reasons for the uncertainty that I know many Americans feel. An era is drawing to a close, and we have entered a period of transition.]

Our historic national - 3 -  
modified and shaped by  
The foundations our parents built during the Depression

and after World War II have served us well. But the problems we face today are different in nature from those that confronted earlier generations of Americans. They are, <sup>more ?</sup> subtler, more complex, more interrelated. At home, few of these problems can be solved by government alone. Abroad, few of them can be solved by the United States alone.

The challenge to us is to build a new <sup>and firmer</sup> foundation, <sup>for the future</sup> -- a ~~new foundation~~ for our economy, for our government, and for a stable peace -- so that the America our children inherit will be <sup>even stronger than</sup> ~~as strong and as special as~~ our own.

In our economy, it is a myth that we must choose endlessly between inflation and recession. We are building the foundation for an economy of <sup>lower</sup> ~~low~~ inflation without resort to either <sup>a recession with</sup> ~~unacceptable~~ unemployment or <sup>mandatory</sup> ~~unworkable~~ <sup>government</sup> controls.

In our government, it is a myth that we must choose between compassion and competence. We are building the foundation for a government that works -- and that works for people.

In our relations with those who <sup>may</sup> ~~would~~ be our adversaries, it is a myth that we must choose between confrontation and capitulation. We are building the foundation for a stable world of both diversity and peace.

We have begun to build the foundation for stable economic growth. During the last two years, in bringing our economy out of the deepest recession since the 1930's, <sup>three hundred thousand</sup> we have created seven million <sup>new</sup> jobs. Now we must <sup>redouble our fight against</sup> ~~[confront]~~ the persistent inflation that has wracked our country for more than a decade.

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Inflation is a burden for all Americans. It is a disaster for the poor, the sick, and the old. No ~~American~~ and ~~no~~ American family ~~++~~ should be forced to choose among food, heat, health care, or decent housing because the cost of <sup>any of these</sup> basic necessities has climbed out of reach. <sup>TP</sup> ~~Some~~ still believe that a self-inflicted recession -- with massive unemployment -- is the way to deal with our current inflation. Such a policy has never been anything but wrong.

Others would shackle our economy with a complicated system of compulsory controls. But controls are not a <sup>costly</sup> solution. <sup>Never, at any time, is there a possibility that there might be recovery?</sup> ~~(In a free economy they are an admission of defeat.)~~

Three months ago, I outlined a balanced anti-inflation program that couples responsible government restraint with responsible wage and price restraint. <sup>It</sup> ~~Is~~ is based upon the premise that there is a more powerful force than government compulsion -- the force created by the cooperative efforts of millions of Americans working toward a common goal.

7  
Business and labor have been <sup>increasingly</sup> supportive. It is imperative that <sup>we</sup> government do our part.

- 6 -

<sup>We in</sup>  
[It is based upon the premise that] government must  
<sup>stop its excessive government</sup>  
[restrain its appetite for] growth and control ~~its~~ spending

habits. I have sent to this Congress a stringent budget --  
<sup>since FY 1976, I will have cut the federal deficit in half, and</sup>  
one that ~~cuts the deficit, as I promised, to \$29 billion.~~  
<sup>as a percentage</sup>

~~And it reduces the proportion~~ of our gross national product  
<sup>by 75%, to</sup> ~~spent by the Federal government~~, <sup>percentage</sup> to the lowest level in

years.

This budget is a clear message that I am determined to  
<sup>The Congress had a good record last</sup>  
bring inflation under control. <sup>year, and we must be strong and</sup> ~~And I now ask this 96th~~ <sup>persistent.</sup>

<sup>10/1/79</sup>  
<sup>a partnership</sup>  
Congress to <sup>continue our partnership</sup> ~~join me~~ in holding the line on excess Federal  
<sup>We must be strong and persistent.</sup>  
spending.

To lay a <sup>firm</sup> new foundation of stable economic growth,  
the 1980 budget provides enough spending restraint to  
help unwind inflation <sup>and also</sup> [slowly. It also provides] enough  
support ~~(to keep our economy growing)~~ to keep American  
workers productive, and to encourage ~~the new~~ investment

*to provide new jobs.*

~~we must have.~~ And we will continue to mobilize our Nation's  
*to reduce our trade deficit and*  
resources, to maintain the dollar's strength.

We have demonstrated in this budget that restraint  
*does* ~~need~~ *of our people.* not mean neglect. We are building on the gains of

*For  
Liberal  
Sounding*  
the past two years to provide *better* ~~(new)~~ support to educate  
disadvantaged children; to provide nutrition and legal  
services for the poor; and to *strengthen* ~~[rebuild]~~ the economic base of  
our older neighborhoods and rural areas.

We must never accept a permanent *group of unemployed* ~~[underclass]~~ in

*Put in  
work*  
America<sup>ns</sup>, with no hope and no stake in building our society.

That is why we must *maintain* ~~[continue to provide]~~ high levels of  
training and *provide* jobs to those left out of our economy because  
of discrimination, lack of skills, or poverty.

*A responsible self* *weapon* *means to control inflation*  
The budget, is not our only ~~[economic task]~~.

We must act now to protect all Americans from health  
care costs that are rising \$1 million an hour, 24 hours

a day -- ~~and~~ doubling every five years. We must take control of the largest contributor to that inflation -- the huge rises in hospital costs.

There is no clearer test of the commitment of this Congress to the anti-inflation fight than the legislation I will submit again this year to hold down inflation in hospital care. The American people have waited long enough. This year <sup>we</sup> ~~[the Congress]~~ must act.

We must also fight inflation by <sup>improving and enforcing the anti-trust laws and by</sup> reducing government obstacles to ~~[interference with]~~ competition in the private sector. <sup>Let us give the American free Enterprise system a chance to work.</sup> Through deregulation of the airline industry we <sup>have increased profits,</sup> cut prices for all Americans and began <sup>u</sup> for the first time in my memory to dismantle a <sup>major</sup> federal

<sup>anti-trust</sup> bureaucracy. This year we must begin to make this same approach work for the railroad <sup>bus</sup> and trucking industries.

And I call on Congress to <sup>take</sup> ~~[enact]~~ other anti-inflation action -- ~~[measures -- measures]~~ to expand our exports and protect American jobs threatened by unfair trade; to conserve

energy, increase production, and speed development of solar power; and to reassert our Nation's technological leadership. American workers who enlist <sup>with us</sup> in the fight against inflation deserve not just our gratitude, but the protection of real wage insurance.

To be successful, we must change our attitudes as well as our policies. We cannot afford to live beyond our means; to create programs we can neither manage nor finance; to waste our natural resources; ~~or to~~ <sup>and we cannot afford</sup> tolerate mismanagement and fraud. Above all, ~~[we cannot afford to allow our common~~ <sup>life to disintegrate into selfish factionalism.]</sup> ~~life to disintegrate into selfish factionalism.]~~ <sup>we</sup> We must meet the challenge of inflation as a united people.

*duplicate?* [At the same time, we must continue to build a new foundation for effective government in America based on both competence and compassion.]

With the support of the American people, government  
in recent decades has helped <sup>to</sup> dismantle racial barriers;  
has provided assistance for the jobless and retired; has  
fed the hungry; has protected the safety, health, and  
bargaining rights of workers; and has helped to preserve  
our natural heritage.

But <sup>it is</sup> ~~we have~~ not done enough, <sup>to</sup> ~~we~~ have created <sup>for government</sup> programs.  
Now we must follow through and make <sup>the good program</sup> them effective.

With the support of the Congress, we are <sup>now</sup> building a  
new civil service system and cracking down on waste and

fraud. We can recognize and reward those who do a good  
job, and <sup>Correct or</sup> ~~remove~~ <sup>about</sup> those who don't.

We have begun to reorganize and <sup>get control of</sup> ~~streamline~~ the

bureaucracy. This year, we must extend <sup>major</sup> ~~that~~ reorganization <sup>efforts</sup>  
to education, development assistance and natural resources.

<sup>need to</sup>  
We ~~must~~ enact a sunset law so that no agency or program <sup>is</sup>  
automatically perpetuated after it has outlived  
[outlives] its value. And we must enact a new Regulatory

Reform Act to ensure that the test of every regulation is

not whether it serves some private interest, but whether it is necessary at all and whether it serves the public good.

Honest and  
Effective government is essential to restore public faith in <sup>our</sup> public action.

None of us can be satisfied when two-thirds of our citizens <sup>chose</sup> ~~chose~~ <sup>last year</sup> not to vote in <sup>our</sup> a national election. Too

many Americans feel powerless against the influence of

private <sup>lobbying</sup> groups and private <sup>campaign</sup> money. This year, we must

regain the public's faith by enacting <sup>a</sup> public financing law for congressional election campaigns.

A strong economy and an effective government will provide the substance for America's growth. But the path to the future must be charted in peace. We must continue to build a new <sup>and firm</sup> foundation for a stable world community.

We are building that new foundation from a position of national strength -- the strength of our defenses, of our bonds with other nations, and of our oldest ideals.

America's military power is a major force for security and stability in the world. <sup>We must continue the progress of</sup> ~~In~~ the last two years, with our NATO allies, <sup>with whom</sup> we have increased our readiness, modernized our equipment, and strengthened our forces in Europe.

~~[This year, I ask the Congress to join me in meeting our commitments to our allies and further strengthening our defense capabilities.]~~

But national security in our age requires more than military might. In less than a lifetime, world population has doubled; colonial empires have disappeared; and a hundred new nations have been born. Mass communications, mass literacy, and a mass migration to the world's cities have <sup>all</sup> awakened new yearnings for economic justice and human

<sup>among</sup> rights in peoples everywhere. And towering over all this  
<sup>volatile changing world,</sup>  
<sup>change,</sup> like a thundercloud in a summer sky, looms the  
terrible, awesome power of nuclear weapons.

In such a world, the choice is not which superpower  
will dominate the world. None can and none will. The  
choice instead is between a world of <sup>anarchy and destruction</sup> [chaos] or a world of  
cooperation. <sup>and peace.</sup>

In such a world, we seek not to stifle <sup>inevitable</sup> change, but to  
<sup>helpful and constructive</sup>  
influence its course in ways that enhance our values, our  
national interests, and the cause of peace.

> We must continue to ~~[reach out to]~~ help shape the forces  
of change; to anticipate emerging problems of nuclear  
proliferation and of conventional arms sales; and to use  
<sup>and influence</sup> our great strength <sup>international</sup> to settle conflicts in other parts of  
the world before they erupt and spread.

We have no desire to be the policeman of the  
world. America wants to be the world's peacemaker.

~~[We have made a good beginning.] [For the first time in~~  
~~our history, we are]~~ building the foundation for a framework  
of truly global cooperation -- not only with western nations  
and industrial  
[and the rich], but with the developing countries as well. Our  
ties with ~~[Europe,]~~ Japan, and ~~[the NATO Alliance]~~ <sup>our European allies</sup> are stronger  
than ever -- and so are our ties with Latin America, Africa,  
<sup>the Western Pacific and</sup>  
and Asia.

We have won new respect in this hemisphere with the  
Panama Canal Treaties. We have gained new trust throughout  
the developing world through our opposition to racism, <sup>our commitment to human rights,</sup> and  
our support for majority rule in Africa. We have injected  
new life into the negotiations for ~~[rules of]~~ fair and  
equitable trade. We <sup>are entering</sup> ~~have entered~~ a hopeful era in our  
relations with ~~the~~ <sup>fourth</sup> ~~one quarter~~ of the world's people who  
live in China. The visit of Vice Premier Teng next week  
will help <sup>to</sup> inaugurate that <sup>new</sup> era. And we will continue  
our commitment to a prosperous, peaceful and  
secure Taiwan.

I am grateful that in the past year -- as in the year before -- no American has died in combat anywhere in the world. And in <sup>Iran,</sup> Nicaragua, Cyprus, <sup>Namibia and Rhodesia</sup> ~~Southern Africa~~, and ~~the Middle East,~~ our country is working for peaceful solutions to dangerous conflicts.

In the Middle East -- under difficult circumstances -- we have sought to help ancient enemies lay aside differences that have separated them for 3,000 years<sub>x</sub> and have produced four bitter wars in this century.

I am determined that <sup>this</sup> ~~the~~ precious opportunity for lasting peace between Israel and Egypt will <sup>not be lost.</sup> ~~be grasped.~~

~~But one constant will always remain: the~~ <sup>There is a</sup> special relationship between the United States and Israel, <sup>based on our</sup> ~~which is and~~ <sup>Commitment that</sup> ~~always will be permanent and unshakable.~~ Israel's survival and security must and will be assured and guaranteed. <sup>But</sup>

in the negotiations, <sup>thus far</sup> we have ~~learned~~ <sup>must</sup> and we <sup>must</sup> retain the trust and confidence of both nations who are so sincerely searching for peace.

The new foundation of <sup>international</sup> cooperation we seek excludes

no nation. ~~[We seek and we welcome]~~<sup>c</sup> cooperation with

the Soviet Union ~~[that]~~ serves the cause of peace. For in the

nuclear age, world peace must <sup>include</sup> mean peace between the super-

powers -- and it must mean the control of nuclear arms.

~~[An unrestrained nuclear arms race pits the Soviet Union~~

~~against the United States, in apparent pursuit of a decisive~~

~~superiority neither side will permit the other to achieve.~~

~~It breeds fear, uncertainty and a sense of danger for us~~

~~both.]~~

Ten years ago, the United States and the Soviet Union

made the historic decision to open the Strategic Arms

Limitation Talks, or SALT. The purpose of SALT, then as

*not to gain a unilateral advantage for either nation, but*  
now, is, <sup>to</sup> protect the security of both nations -- to

reverse the costly and dangerous momentum of the arms

race -- to preserve a stable balance of nuclear forces --

*demonstrate to a concerned world that we are determined to*  
and to help preserve the peace.

The first <sup>SALT</sup> agreement [~~SALT I~~] was <sup>concluded</sup> [~~ratified~~] in 1972.

Since then, <sup>during</sup> in six years of negotiation <sup>-- by both Republican</sup> [~~-- begun by~~  
and Democratic leaders --  
President Nixon and advanced by President Ford --] nearly

all issues of the SALT II agreement have been resolved.

If the Soviet Union continues to negotiate in good faith,  
a responsible agreement will be reached.

It is important that the American people understand  
the nature of the SALT process.

<sup>II</sup>  
SALT<sub>A</sub> is not based on sentiment. It is based on  
self-interest -- <sup>of the United States</sup> ~~ours~~ and the Soviet Union's. Both ~~our~~  
nations share a powerful common interest in <sup>reducing the threat of</sup> preventing a  
nuclear war.

SALT II will not rely on trust. It will be verifiable.  
We have <sup>very</sup> ~~enormously~~ sophisticated, proven means -- including  
our satellites -- to determine for ourselves whether the  
Soviet Union is meeting its <sup>treaty</sup> obligations.

~~[And]~~ The American nuclear deterrent will remain, <sup>at least</sup> as strong <sup>adequate</sup> after SALT II as it is now. For example, just one of our Poseidon submarines -- less than two percent of our nuclear force -- carries enough warheads to destroy every large and medium-sized city in the Soviet Union. Our deterrent is ~~[more than]~~ adequate, it is overwhelming -- and it will remain overwhelming after <sup>the</sup> SALT II <sup>treaty</sup> goes into effect.

A <sup>agreement</sup> SALT II ~~II~~ cannot substitute for wise diplomacy or a strong defense, <sup>nor</sup> will it end the danger of nuclear war.

> But it will <sup>certainly</sup> reduce that danger. It will strengthen our efforts to ban nuclear tests and to stop the spread of <sup>atomic</sup> ~~nuclear~~ weapons to other nations. And it begins the process of negotiating new agreements further limiting <sup>nuclear</sup> ~~[strategic]~~ arms.

The path of arms control backed by a strong defense -- the path our Nation and every President has walked for 30 years -- leads to a world of law and <sup>of international negotiation and consultation,</sup> ~~[diversity]~~ in which

all peoples <sup>might</sup> can live in peace. In this year, 1979, nothing is more important than that the Senate and the people of the United States resolve to continue on that path. of nuclear arms control and peace.

*I have outlined some of* The changes that have transformed the world <sup>and which</sup> are continuing <sup>as we meet here</sup> tonight. But we need not fear <sup>change.</sup> them. The values on which our nation was founded -- individual liberty, self-determination, the potential for human fulfillment in freedom -- <sup>all of these</sup> endure. We find these <sup>democratic</sup> principles <sup>praised even</sup> in books smuggled out of totalitarian nations, and on wall posters in lands <sup>we</sup> thought <sup>were</sup> closed to our influence.

Our country has regained its special place <sup>of leadership</sup> in the struggle for human rights.

And that is a commitment we must keep at home, as well as abroad. The civil rights revolution freed all Americans, black and white, but its full promise remains unrealized. I will continue to work with all my strength

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for equal opportunity for all Americans -- and for

affirmative action for those who carry the extra burden

of a <sup>past</sup> ~~historic~~ denial of equal <sup>opportunity.</sup> rights. We remain committed

to <sup>improving</sup> ~~reforming~~ our labor laws to better protect the rights

of all American workers. And <sup>our nation</sup> ~~we~~ must ratify the Equal

Rights Amendment, and make it clear that, <sup>legal</sup> ~~all~~ <sup>the rights of women as</sup> citizens are

equal under the laws of our land, <sup>by ratifying</sup> ↓

As long as I am President, at home and around the

world, America's example and America's influence will

<sup>marshalled</sup> ~~continue to be used~~ to advance the <sup>cause</sup> ~~values~~ of human rights.

To protect those values, two centuries ago, a bold

generation of Americans risked <sup>their</sup> property, position and life  
itself.

We are their heirs. And they are sending us a message

across the centuries. The words they <sup>made so vivid</sup> ~~use~~ are now <sup>growing</sup> faintly

<sup>indistinct</sup> ~~unfamiliar~~, because they are not heard often enough. They

are words like justice, equality, unity, sacrifice, liberty,

faith, and love.

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*These words remind*  
*2* ~~Their message tells~~ us that the duty of our generation  
of Americans is to renew <sup>our nation's</sup> ~~their~~ faith -- not against foreign  
powers, but against selfishness, cynicism and despair.

The new foundation I have discussed tonight can help  
us ~~do that~~

~~It can help us~~ build a nation and a world where every  
<sup>child</sup> ~~baby~~ is nurtured and ~~every child~~ can look to the future  
with hope -- where the resources now wasted on war can be  
turned towards human needs -- where all people have enough  
to eat, <sup>a</sup> <sup>home</sup> decent shelter, and protection from disease. It  
can help us build a nation and a world where all people  
are free to seek the truth and to add to human understanding,  
<sup>that</sup> ~~and~~ all may ~~to~~ live their lives in peace. Tonight, I ask  
you to join me in building a new foundation <sup>-- a better foundation --</sup> for our country  
and our world.

# # #

State of the Union -- DRAFT

DO NOT MAKE  
OTHER COPIES

1/22/79

7:30 a.m.

cc: VP - Jerry - Jody - Ham -  
Shu - 369

for comment by 2:00 pm  
J.C.

Mr. President, Mr. Speaker, Members of the 96th  
Congress, <sup>my</sup> fellow citizens:

~~[On my last visit here with you, I reported on our  
nation's efforts for peace in the Middle East. These  
continuing efforts are of crucial importance, but]~~ Tonight  
I want to examine in a broader sense the state of our  
American Union -- how we are building a new foundation  
for a peaceful and prosperous world.

Our children born this year will come of age in  
the 21st Century. What kind of society, what kind of  
world are we building for them? Will we ourselves be  
at peace? Will our own children enjoy a better quality

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of life? Will a strong and united America still be a force for freedom and prosperity around the world?

Tonight, there is every sign that the state of our Union is sound. Our economy offers greater prosperity to more of our people than ever before. } Real <sup>per capita income</sup> ~~pay of~~ <sub>substantially,</sub> ~~workers~~ and real business profits have risen ~~[sharply]~~ <sub>[sharply]</sub>

Farm exports are setting all-time records, and real farm income last year was up more than 25 percent -- to the highest level in history. } Our liberties are secure.

→ Our military defenses are strong and growing stronger. And more importantly tonight, America is at peace. And ~~we are at peace tonight, everywhere in the world.~~

Our <sup>earliest</sup> historic national <sup>commitments</sup> ~~[foundations]~~ modified and reshaped by our parents during the Depression and after World War II have served us well. But the problems we

face today are different in nature from those that confronted earlier generations of Americans. They are more subtle, more complex, more interrelated. At home, few of these problems can be solved by government alone. Abroad, few of them can be solved by the United States alone.

*But Americans as a united people - working with our allies and friends - have never been afraid to face and to solve problems either here or abroad.*

The challenge to us is to build a new and firmer <sup>a sound</sup> foundation for the future -- for ~~our~~ economy, for ~~our~~ a more effective <sup>for political trust,</sup> government, and for a stable peace -- so that the America

our children inherit will be even stronger than our own.

*Repeal  
entire*  
We cannot resort to simplistic or extreme solutions, which substitute myths for common sense.

In our economy it is a myth that we must choose endlessly between inflation and recession. <sup>Together, we</sup> ~~We are building~~

the foundation for <sup>a strong</sup> ~~an~~ economy <sup>with</sup> ~~of~~ lower inflation without <sup>contributing</sup> ~~resort~~ to either a recession with <sup>its high</sup> ~~unacceptable~~ unemployment or unworkable mandatory government controls.

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In our government, it is a myth that we must choose  
between compassion and competence. <sup>Together, we</sup> ~~We are building~~ the  
foundation for a government that works -- and that works  
for people.

In our relations with ~~[those who may be]~~ our <sup>potential</sup>  
adversaries, it is a myth that we must choose between  
confrontation and capitulation. <sup>Together, we</sup> ~~We are building~~ the  
foundation for a stable world of both diversity and peace.

<sup>Together, already</sup> ~~We~~ have begun to build the foundation for <sup>confidence in our</sup> ~~stable~~  
economic <sup>system.</sup> ~~growth.~~ During the last two years, in bringing  
our economy out of the deepest recession since the 1930's,  
we have created seven million three hundred thousand new  
<sup>Unemployment has gone down 25% since I took office.</sup>  
jobs. <sup>Now</sup> we must redouble our fight against the  
persistent inflation that has wracked our country for  
more than a decade.

Inflation is a burden for all Americans, <sup>but it</sup> ~~it~~ is  
a disaster for the poor, the sick, and the old. No  
American family should be forced to choose among food, warmth,  
~~heat~~, health care, or decent housing because the cost  
of any of these basic necessities has climbed out of reach.  
*Together, we will fight inflation -- step by step.*

Three months ago, I outlined a balanced anti-inflation  
program that couples responsible government restraint with  
responsible wage and price restraint. It is based upon my  
*knowledge*  
~~[the premise]~~ that there is a more powerful force than  
government compulsion -- the force created by the  
cooperative efforts of millions of Americans working toward  
a common goal.

Business and labor have been increasingly supportive.  
It is imperative that we in government do our part.

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← We must stop excessive government growth and  
control spending habits. <sup>PP</sup> I have sent to this Congress a  
*but fair* stringent <sup>just</sup> budget, <sup>I ran for President, ~~we~~</sup> ~~one that~~ <sup>Since</sup> ~~[FY 1976]~~ will have cut  
the Federal deficit in half, and as a percentage of our  
*the deficit will have dropped*  
Gross National Product, by 75 percent. ~~[to the lowest~~  
~~percentage level in \_\_\_\_\_ years.]~~

The Congress had a good record last year, and  
I now ask this 96th Congress to continue our partnership  
*It will not be easy,*  
in holding the line on excess Federal spending. We  
must be strong and persistent. This budget is a clear  
*with the help of you and the American people,*  
message that I am determined ~~[with your help]~~ to bring  
inflation under control.

~~[To lay a firm new foundation of stable economic~~  
~~growth.]~~ The 1980 budget provides enough spending restraint  
*begin unwinding* *but*  
to ~~[help unwind]~~ inflation and ~~also~~ enough support to keep

American workers productive and to encourage investment

to provide new jobs. ~~And~~ We will continue to mobilize

our Nation's resources to reduce our trade deficit and

→ We will continue

to maintain the ~~dollar's~~ strength *of the American dollar.*

We have demonstrated in this <sup>restrained</sup> budget that ~~[restraint~~  
~~does not mean neglect.]~~ <sup>we can</sup> ~~We are~~ building on the gains of

the past two years to provide <sup>additional</sup> ~~better~~ support to educate

disadvantaged children, <sup>to care for the elderly,</sup> ~~to~~ provide nutrition and legal

services for the poor, and to strengthen the economic

base of our <sup>urban communities</sup> ~~older neighborhoods~~ and rural areas. *This year*  
*we will take our first steps to develop a national health*  
*plan.*

We must never accept a permanent group of unemployed  
Americans, with no hope and no stake in building our society.

~~That is why~~ (we must maintain high levels of training and ~~we must~~

~~provide jobs~~ <sup>for</sup> ~~to~~ those left out of our economy because

of discrimination, lack of skills, or poverty, ↓

A responsible budget is not our only weapon to control inflation.

We must act now to protect all Americans from health care costs that are rising \$1 million an hour, 24 hours a day -- doubling every five years. We must take control of the largest contributor to that inflation -- the ~~huge rises in~~ <sup>skyrocketing</sup> hospital costs.

There <sup>will be</sup> ~~is~~ no clearer test of the commitment of this Congress to the anti-inflation fight than the legislation I will submit again this year to hold down inflation in hospital care. The American people have waited long

enough. hospital cost containment. This year we must act on

Over the next five years my proposal will save the Americans a total of \$60 billion, of which \$25 billion will be savings in the federal budget.

We must also fight inflation by <sup>improvements and better</sup> ~~improving and~~ enforcement of (antitrust). ~~enforcing the antitrust~~ laws and by reducing government obstacles to competition in the private sector. ~~Let us~~

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→ give the American free enterprise system a chance to work, ~~with a minimum of government interference!~~

We must begin to scrutinize the overall effect of regulation on our economy. Through deregulation of the airline industry we have increased profits, cut prices for all Americans, and begun for the first time in my <sup>actually</sup> memory <sub>A</sub> to dismantle a major Federal bureaucracy. This year we must begin <sup>the effort to reform our regulatory process</sup> ~~[to make this same approach work]~~ for the railroad, bus, and trucking industries.

→ America has the greatest economic system in the world. Let's give it a chance to work!

And I call on Congress to take other anti-inflation action -- to expand our exports and protect American jobs threatened by unfair trade; to conserve energy, increase production, and speed development of solar power; and to reassert our Nation's technological leadership. American workers who enlist with us in the fight against inflation deserve not just our gratitude, but the protection of <sup>the</sup> <sub>A</sub> real wage insurance, <sub>x</sub> proposal I have made.

To be successful, we must change our attitudes as well as our policies. We cannot afford to live beyond our means, to create programs we can neither manage nor finance, or to waste our natural resources; and we cannot tolerate mismanagement and fraud. Above all, we must meet the challenge of inflation as a united people.

With the support of the American people, government in recent decades has helped to dismantle racial barriers; has provided assistance for the jobless and retired; has fed the hungry; has protected the safety, health, and bargaining rights of workers; and has helped to preserve our natural heritage.

But it is not enough to have created a lot of government programs. Now we must <sup>and</sup> improve or weed out those which are wasteful or unnecessary, ~~and~~ make the good programs more effective.

We have begun to reorganize and get control of the  
bureaucracy. With the support of the Congress, We are ~~now~~  
building a new Civil Service system <sup>now we are</sup> and cracking down on  
waste and fraud. <sup>Now</sup> We can recognize and reward those who  
do a good job, and correct or remove those who do not.

This year, we must extend major reorganization efforts  
to education, <sup>economic</sup> development assistance and <sup>the management of our</sup> natural resources.  
We need to enact a sunset law <sup>so that when a government</sup> to ~~terminate~~ <sup>an agency or</sup>  
program <sup>they have</sup> after <sup>it has</sup> ~~it~~ <sup>their</sup> ~~has~~ <sup>value</sup> ~~its~~ <sup>And this year</sup> ~~we must pass~~  
<sup>they will automatically be terminated,</sup>  
~~enact~~ a new Regulatory Reform Act to ensure that ~~the test~~  
~~of every regulation is~~ <sup>regulations do not serve</sup> not whether it serves some private  
~~interest, but whether it is necessary at all~~ <sup>and that each regulation</sup> and <sup>that it</sup> ~~whether~~  
~~it serves the public good.~~

<sup>h</sup>onest and effective government is essential to  
restore public faith in our public action.

*Effective reorganization and reform can never be easy,  
but we know that*

None of us can be satisfied when two-thirds of *Americans*  
~~our~~ citizens chose not to vote last year in <sup>the</sup> ~~our~~ national  
election. Too many Americans feel powerless against the  
influence of private lobbying groups and <sup>the flood of</sup> private campaign  
<sup>which threatens our electoral process,</sup>  
money. *→* This year, we must regain the public's faith by  
<sup>requiring limited</sup>  
~~enacting a~~ public financing ~~law~~ for congressional election  
<sup>last year,</sup>  
campaigns. *sentences  
for front*

\* \* \*

A strong economy and an effective government will  
restore confidence <sup>here</sup> in America.  
~~[provide the substance for America's growth]~~ But the path  
to the future must be charted in peace. We must continue  
to build a new and firm foundation for a stable world  
community.

We are building that new foundation from a position  
of national strength -- the strength of our <sup>own</sup> defenses, of  
our <sup>friendship</sup> ~~bonds~~ with other nations, and of our oldest ideals.

America's military power is a major force for security and stability in the world. We must <sup>maintain our strategic capability and</sup> continue the progress of the last two years with our NATO Allies, with whom we have increased our readiness, modernized our equipment, and strengthened our <sup>defense</sup> forces in Europe.

But national security in our age requires more than military might. In less than a lifetime, world population has doubled; colonial empires have disappeared; and a hundred new nations have been born. Mass communications, ~~mass~~ literacy, and ~~a mass~~ migration to the world's cities have all awakened new yearnings for economic justice and human rights among peoples everywhere.

In such a world, the choice is not which superpower will dominate the world. None can and none will. The choice instead is between a world of anarchy and destruction or a world of cooperation and peace.

In such a world, we seek not to stifle inevitable change, but to influence its course in helpful and constructive ways that enhance our values, our national interests, and the cause of peace.

~~And~~ <sup>will</sup> towering over all this volatile changing world, like a thundercloud in a summer sky, looms the terrible, awesome power of nuclear weapons.

We ~~must~~ <sup>will</sup> continue to help shape the forces of change; to anticipate emerging problems of nuclear proliferation and of conventional arms sales; and to use our great strength and influence to settle international conflicts in other parts of the world before they erupt and spread.

We have no desire to be the <sup>world's</sup> policeman ~~of the world~~.  
→ <sup>does</sup> America <sup>the</sup> ~~wants to be known as the~~ world's peacemaker.

We <sup>are</sup> ~~have been~~ building the foundation for truly  
global cooperation -- not only with western and industrial  
nations, but with the developing countries as well. Our ~~ties~~  
~~ties~~ with Japan and our European Allies are stronger than  
ever -- and so are our <sup>friendly relations</sup> ~~ties~~ with <sup>the people of</sup> Latin America, Africa,  
and the Western Pacific and Asia.

We have won new respect in this hemisphere with the  
Panama Canal Treaties. We have gained new trust throughout  
the developing world through our opposition to racism,  
our commitment to human rights, and our support for majority  
rule in Africa. <sup>P</sup> We have injected new life into the  
negotiations for fair and equitable trade. <sup>P</sup> We are entering  
a hopeful era in our relations with one-fourth of the world's  
people who live in China. The visit of Vice Premier Deng  
Xiaoping  
next week will help to inaugurate that new era. And with  
prompt Congressional action on authorizing legislation we  
will continue our commitment to a prosperous, peaceful, and  
secure life for the people of Taiwan.

brief?   
→ These multilateral trade negotiations are <sup>now</sup> reaching a successful  
conclusion, and Congressional passage of implementing legislation is essential to the  
economic well being of our country and of the world. This will be one of our top  
priorities in 1979.

I am grateful that in the past year -- as in the year before -- no American has died in combat anywhere in the world. And in Iran, Nicaragua, Cyprus, Namibia and Rhodesia our country is working for peaceful solutions to dangerous conflicts.

In the Middle East -- under <sup>most</sup> difficult circumstances -- we have sought to help ancient enemies lay aside deep seated differences that ~~have separated them for 3,000 years~~ and have produced four bitter wars in this century.

~~There is a special relationship between the United States and Israel based on~~ <sup>our firm</sup> ~~commitment that~~ <sup>is rooted in our deepest convictions and</sup> Israel's survival and security ~~must and will be assured~~ <sup>in our knowledge of the strategic importance of Israel to our own nation of</sup> ~~and to a stable Middle East. To promote peace and reconciliation in~~ <sup>and guaranteed.</sup> ~~But in the negotiations thus far we~~ <sup>the region</sup> ~~have earned and~~ <sup>we must</sup> ~~retain the trust and confidence both~~ <sup>Israel and of the Arab</sup> of both nations who <sup>that</sup> ~~are so~~ sincerely searching for peace.

I am determined to use the full beneficial influence of our Nation so that <sup>the</sup>~~this~~ precious opportunity for lasting peace between Israel and Egypt will not be lost.

The new foundation of international cooperation we seek excludes no nation. Cooperation with the Soviet Union serves the cause of peace, <sup>f</sup>For in the nuclear age, world peace must include peace between the superpowers -- and it must mean the control of nuclear arms.

Ten years ago, the United States and the Soviet Union made the historic decision to open the Strategic Arms Limitation Talks, or SALT. The purpose of SALT [~~then as~~  
~~now,~~] is not to gain a unilateral advantage for either nation, but to protect the security of both nations -- to reverse the costly and dangerous momentum of the arms race -- to preserve a stable balance of nuclear forces -- and to demonstrate to a concerned world that we are determined to help preserve the peace.

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The first SALT agreement was concluded in 1972. Since then, during six years of negotiation -- by both Republican and Democratic leaders -- nearly all issues of ~~the~~ SALT II ~~agreement~~ have been resolved. If the Soviet Union continues to negotiate in good faith, a responsible agreement will <sup>soon</sup> be reached.

It is important that the American people understand the nature of the SALT process.

SALT II is not based on sentiment. It is based on self-interest -- of the United States and the Soviet Union. Both nations share a powerful common interest in reducing the threat of a nuclear war. *I will sign no agreement which does not enhance our national security.*

SALT II will not rely on trust. It will be verifiable. We have very sophisticated, proven means -- including our satellites -- to determine for ourselves

whether the Soviet Union is meeting its treaty obligations.

*I will sign no agreement which cannot be verified.*

The American nuclear deterrent will remain

→ *strong*  
~~adequate~~ after SALT II, ~~as it is now.~~ For example, just

one of our Poseidon submarines -- less than two percent

of our <sup>*total*</sup> nuclear force <sup>*of submarines, aircraft and land based missiles*</sup> -- carries enough warheads to destroy

every large and medium-sized city in the Soviet Union.

Our deterrent ~~is adequate~~, it is overwhelming -- and <sup>*I will*</sup> ~~it~~

→ *sign no agreement unless our deterrent force*  
will remain overwhelming, ~~after the SALT II treaty goes into~~

~~effect.~~

A SALT agreement cannot substitute for wise diplomacy

or a strong defense, nor will it end the danger of nuclear

war. But it will certainly reduce that danger. It will

strengthen our efforts to ban nuclear tests and to stop

the spread of atomic weapons to other nations. And it

begins the process of negotiating new agreements which will

further limit nuclear arms.

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The path of arms control backed by a strong defense --  
the path our Nation and every President has walked for

30 years -- <sup>will</sup> leads to a world of law and of international  
negotiation and consultation, in which all peoples might

live in peace. In this year, 1979, nothing is more

important than that the Senate and the people of the

United States resolve to continue <sup>with me</sup> on that path of nuclear

arms control and peace. <sup>Rejection of a SALT treaty would be a</sup>  
<sup>fair and equitable</sup> <sup>devastating</sup> blow to our hopes of cooperation  
with the Soviet Union, would severely damage  
our relationship with other countries, would create serious obstacles to  
controlling the <sup>further</sup> spread of nuclear weapons, and would tarnish our image  
as a peace-loving nation. Rejection of such a treaty would cast a pall of

I have outlined some of the changes that have <sup>hopelessness over</sup>  
<sup>future negotiations</sup>  
<sup>for nuclear arms</sup>  
<sup>control and</sup>  
<sup>world peace.</sup>  
transformed the world and which are continuing as we

meet here tonight. But we need not fear change. The

values on which our Nation was founded -- individual

liberty, self-determination, the potential for human

fulfillment in freedom -- all of these endure. We find

these democratic principles praised even in books

smuggled out of totalitarian nations, and on wall posters in lands we thought were closed to our influence.

Our country has regained its special place of leadership in the <sup>worldwide</sup> struggle for human rights.

And that is a commitment we must keep at home, as well as abroad. The civil rights revolution freed all Americans, black and white, but its full promise remains unrealized. I will continue to work with all my strength for equal opportunity for all Americans -- and for affirmative action for those who carry the extra burden of past denial of equal opportunity. We remain committed to improving our labor laws to better protect the rights of all American workers. And our nation must make it clear that the legal rights of women as citizens are <sup>guaranteed</sup> equal under the laws of our land by ratifying the Equal Rights Amendment.

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As long as I am President, at home and around the world, America's example and America's influence will be marshalled to advance the cause of human rights.

To protect those values<sup>s</sup> two centuries ago, a bold generation of Americans risked their property, position, and life itself.

We are their heirs. And they are sending us a message across the centuries. The words they made so vivid are now growing faintly indistinct, because they are not heard often enough. They are words like justice, equality, unity, sacrifice, liberty, faith, and love.

These words remind us that the duty of our generation of Americans is to renew our nation's faith -- not focused just against foreign <sup>threats,</sup> ~~[powers]~~ but against selfishness, cynicism and <sup>apathy</sup> ~~[despair]~~.

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The new foundation I have discussed tonight can help us build a nation and a world where every child is nurtured and can look to the future with hope -- where the resources now wasted on war can be turned towards human needs -- where all people have enough to eat, a decent home, and protection from disease. It can help us build a nation and a world where all people are free to seek the truth and to add to human understanding,<sup>so</sup> that all of us may live our lives in peace.

Tonight, I ask you to join me in building <sup>that</sup> a new foundation -- a better foundation -- for our country and our world.

# # #

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of life? Will a strong and united America still be a force for freedom and prosperity around the world?

Tonight, there is every sign that the state of our Union is sound. Our economy offers greater prosperity to <sup>more</sup> ~~a greater proportion~~ of our people than ever before. Real pay of workers and real business profits have risen sharply. Farm exports are setting all-time records, and real farm income last year was up more than 25 percent -- to the highest level in history. Our liberties are secure. Our military defenses are strong and growing stronger. And we are at peace tonight, everywhere in the world.

Our historic national foundations modified and reshaped by our parents during the Depression and after World War II have served us well. But the problems we

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In such a world, we seek not to stifle inevitable change, but to influence its course in helpful and constructive ways that enhance our values, our national interests, and the cause of peace.

And towering over all this volatile changing world, like a thundercloud in a summer sky, looms the terrible, awesome power of nuclear weapons.

We must continue to help shape the forces of change; to anticipate emerging problems of nuclear proliferation and of conventional arms sales; and to use our great strength and influence to settle international conflicts in other parts of the world before they erupt and spread.

We have no desire to be the policeman of the world.  
America wants to be <sup>known as</sup> the world's peacemaker.

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whether the Soviet Union is meeting its treaty obligations.

The American nuclear deterrent will remain adequate after SALT II as it is now. For example, just one of our Poseidon submarines -- less than two percent of our nuclear force -- carries enough warheads to destroy every large and medium-sized city in the Soviet Union. Our deterrent is adequate, it is overwhelming -- and it will remain overwhelming after the SALT II treaty goes into effect.

A SALT agreement cannot substitute for wise diplomacy or a strong defense, nor will it end the danger of nuclear war. But it will certainly reduce that danger. It will strengthen our efforts to ban nuclear tests and to stop the spread of atomic weapons to other nations. And it begins the process of negotiating new agreements, <sup>which will</sup> further limiting nuclear arms.

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give the American free enterprise system a chance to work.  
P We must begin to scrutinize the overall effect of regulation  
on our economy.

Through deregulation of the airline industry we have

increased profits, cut prices for all Americans, and

begun for the first time in my memory to dismantle a

major Federal bureaucracy. This year we must begin to

make this same approach work for the railroad, bus, and

trucking industries.

And I call on Congress to take other anti-inflation  
action -- to expand our exports and protect American jobs  
threatened by unfair trade; to conserve energy, increase  
production, and speed development of solar power; and  
to reassert our Nation's technological leadership. American  
workers who enlist with us in the fight against inflation  
deserve not just our gratitude, but the protection of real  
wage insurance.

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To be successful, we must change our attitudes as well as our policies. We cannot afford to live beyond our means<sub>x</sub>, to create programs we can neither manage nor finance<sub>x</sub>,<sup>or</sup> to waste our natural resources; and we cannot tolerate mismanagement and fraud. Above all, we must meet the challenge of inflation as a united people.

With the support of the American people, government in recent decades has helped to dismantle racial barriers; has provided assistance for the jobless and retired; has fed the hungry; has protected the safety, health, and bargaining rights of workers; and has helped to preserve our natural heritage.

But it is not enough to have created a lot of government programs. Now we must <sup>improve or weed out those which are wasteful or unnecessary</sup> ~~follow through~~ and make the good programs <sup>more</sup> effective.

With the support of the Congress, we are now building a new Civil Service system and cracking down on waste and fraud. We can recognize and reward those who do a good job, and correct or remove those who <sup>do not.</sup> ~~don't.~~

(We have begun to reorganize and get control of the bureaucracy.) This year, we must extend major reorganization efforts to education, development assistance and natural resources. We need to enact a sunset law <sup>to terminate an</sup> ~~so that no~~ agency or program ~~[is automatically perpetuated]~~ after it has outlived its value. And we must enact a new Regulatory Reform Act to ensure that the test of every regulation is not whether it serves some private interest, but whether it is necessary at all and whether it serves the public good.

Honest and effective government is essential to restore public faith in our public action.

We have been building the foundation for truly global cooperation -- not only with western and industrial nations, but with the developing countries as well. Our ties with Japan and our European Allies are stronger than ever -- and so are our ties with Latin America, Africa, and the Western Pacific and Asia.

We have won new respect in this hemisphere with the Panama Canal Treaties. We have gained new trust throughout the developing world through our opposition to racism, our commitment to human rights, and our support for majority rule in Africa. We have injected new life into the negotiations for fair and equitable trade. We are entering a hopeful era in our relations with one-fourth of the world's people who live in China.

The visit of Vice Premier <sup>Deng</sup>~~Teng~~ next week will help to inaugurate that new era. <sup>with prompt Congressional action, or</sup> <sup>authorizing legislation</sup> And we will continue our <sup>life for the people of</sup> commitment to a prosperous, peaceful and secure <sup>life for the people of</sup> Taiwan.

*to use the full beneficial influence of our nation so*  
I am determined that this precious opportunity for lasting peace between Israel and Egypt will not be lost.

The new foundation of international cooperation we seek excludes no nation. Cooperation with the Soviet Union serves the cause of peace. For in the nuclear age, world peace must include peace between the superpowers -- and it must mean the control of nuclear arms.

Ten years ago, the United States and the Soviet Union made the historic decision to open the Strategic Arms Limitation Talks, or SALT. The purpose of SALT, then as now, is not to gain a unilateral advantage for either nation, but to protect the security of both nations -- to reverse the costly and dangerous momentum of the arms race -- to preserve a stable balance of nuclear forces -- and to demonstrate to a concerned world that we are determined to help preserve the peace.

As long as I am President, at home and around the world, America's example and America's influence will be marshalled to advance the cause of human rights.

To protect those values, two centuries ago, a bold generation of Americans risked their property, position, and life itself.

We are their heirs. And they are sending us a message across the centuries. The words they made so vivid are now growing faintly indistinct, because they are not heard often enough. They are words like justice, equality, unity, sacrifice, liberty, faith, and love.

These words remind us that the duty of our generation of Americans is to renew our nation's faith -- not <sup>focussed</sup> against foreign powers, but against selfishness, cynicism and despair.

The new foundation I have discussed tonight can help us build a nation and a world where every child is nurtured and can look to the future with hope -- where the resources now wasted on war can be turned towards human needs -- where all people have enough to eat, a decent home, and protection from disease. It can help us build a nation and a world where all people are free to seek the truth and to add to human understanding, that all <sup>of us</sup> may live <sup>our</sup> ~~their~~ lives in peace.

Tonight, I ask you to join me in building a new foundation -- a better foundation -- for our country and our world.

# # #

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THE VICE PRESIDENT

WASHINGTON

January 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT   
RE: State of the Union Speech

The latest draft of your State of the Union speech is a major improvement over the earlier text. The section on SALT is particularly good, and the inflation section is much better. But I think there are further ways to strengthen the speech.

I think you should put the speech in a personal context. Americans want to know how you think, how you approach problems and solutions, and that you understand what troubles them about their nation -- waste, the ravages of inflation, and our changing role in increasingly turbulent world affairs. There also needs to be an historic context, linking your own concern for compassion and for positive remedies to the great tradition of our Party. Referring to past Presidents and the challenges they faced, and perhaps a quote, could accomplish this.

Right at the start, it would be useful to be upbeat, reaffirming the generosity and courage of the American people, and the progressive record of government in tackling tough problems. The section on waste and efficiency should be strengthened; it is high on Americans' minds. And at the end, you might aim to be somewhat more inspirational -- to make people proud to be Americans. And you should ask for their help in the tasks facing you. This is your opportunity both to outline your program and to enlist their support and energy. You might also have a word of praise for Congress, enlisting their friendship and asking for their partnership.

To give the speech a more positive tone, your comments about the continuing strength of social programs in this budget might come before the more demanding rhetoric about inflation. In this regard, I think you should delete the entire third paragraph on page 5; you've told Jerry that you wanted to drop the first sentence, and I think those same reservations apply to the balance of that paragraph.

The foreign policy section needs tightening. And it would help to address -- at least implicitly -- the public perception that there are today crises raging uncontrolled around the world. We need to stress our continuing alertness and competent concern.